BEFORE THE PUBLIC UTILITIES COMMISSION OF THE FILE I STATE OF CALIFORNIA 09-08-06 04:11 PM

Order Instituting Rulemaking on the)	
Commission's own motion for the purpose of)	R.04-09-003
considering policies and guidelines regarding the)	(filed September 9, 2004)
allocation of gains from sales of energy,)	
telecommunications, and water utility assets.)	
)	

REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY [U 39-M] RE DEFINITION FOR "MAJOR FACILITY" AS USED IN PUBLIC UTILITIES CODE SECTION 455.5

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Dated: September 8, 2006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the)	
Commission's own motion for the purpose of)	R.04-09-003
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REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY [U 39-M] RE DEFINITION FOR "MAJOR FACILITY" AS USED IN PUBLIC UTILITIES CODE SECTION 455.5

Pursuant to the June 29, 2006 ruling of Administrative Law Judge ("ALJ") Sarah Thomas, and subsequent email instructions, Pacific Gas and Electric Company ("PG&E") hereby submits the following reply comments regarding a definition for "major facility" as that term is used in Section 455.5 of the Public Utilities Code.¹

In response to the August 14, 2006 ruling of ALJ Thomas, PG&E participated in several meetings among other utilities and interested parties in an attempt to reach consensus on a definition for the term "major facility" as it is used in Section 455.5. Most, if not all, of those parties have reached a consensus for using the following definition for "major facility" in the electricity context:

1

PG&E notes that defining a "major facility" for purposes of Public Utilities Code Section 455.5 should not impact the dollar thresholds adopted in this gain on sale rulemaking proceeding for various kinds of treatment of utility properties that are sold. Nonetheless, PG&E supports adoption of a "major facility" definition for purposes of Section 455.5 to give certainty over whether a Section 455.5 notification is necessary when a facility goes out of service for nine months.

A "major facility" is any generation facility of at least 50 MW, or that represents at least one percent (1%) of an electric utility's retained generation system capacity. System capacity includes the utility's pro-rata share in any jointly-owned facilities. A reportable outage of a "portion of a major facility" should be interpreted as an outage of an independent operating unit of a major facility.

PG&E supports the above consensus definition. With respect to natural gas production facilities, the parties were unable to agree on a definition for "major facility." Without consensus, PG&E supports the definition set forth in the Opening Comments of the Joint Energy Utilities: "any production facility that represents at least one percent (1%) of a gas utility's rate base."

Respectfully submitted,

 $/_{\rm S}/$

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September 8, 2006

CERTIFICATE OF SERVICE

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, California 94105.

On the 8th day of September 2006 I served a true copy of:

REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY [U 39-M] RE DEFINITION FOR "MAJOR FACILITY" AS USED IN PUBLIC UTILITIES CODE SECTION 455.5

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service lists for R.04-09-003.

[XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service lists for R.04-09-003 without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 8th day of Sepember 2006 at San Francisco, California.

/s/	
PAMELA TOM	

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Commissioner Assigned: Geoffrey F. Brown on September 8, 2004; ALJ Assigned: Sarah R. Thomas on September 8, 2004

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